United Nations A/55/844

General Assembly

Distr.: General
20 March 2001

Original: English

Fifty-fifth session
Agenda item 129
Financing of the United Nations Angola Verification Mission and the United Nations Observer Mission in Angola

Financial performance report of the United Nations Observer Mission in Angola for the period from 1 July 1999 to 30 June 2000

Report of the Secretary-General

Summary

The present report contains the financial performance report of the United Nations Observer Mission in Angola (MONUA) for the period from 1 July 1999 to 30 June 2000. In its resolutions 53/228 of 8 June 1999 and 54/17 B of 15 June 2000, the General Assembly appropriated for the liquidation of the Observer Mission a total amount of $15,049,440 gross ($14,306,540 net), inclusive of $369,153 for the support account for peacekeeping operations and $72,387 for the United Nations Logistics Base at Brindisi, Italy.

Expenditures for the period totalled $14,231,340 gross ($13,402,740 net), resulting in an unutilized balance of $818,100 gross ($903,800 net).

The unutilized balance resulted primarily from reduced requirements under military contingents owing to the earlier than anticipated repatriation of military personnel and lower actual costs under international civilian staff salaries.

The action to be taken by the General Assembly in connection with the financing of MONUA is set out in paragraph 20 of the present report.

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I. Introduction

1. The United Nations Observer Mission in Angola (MONUA) was established as of 1 July 1997 by the Security Council in its resolution 1118 (1997) of 30 June 1997. The mandate of the Observer Mission was extended by the Council in subsequent resolutions, the last of which was resolution 1213 (1998) of 3 December 1998, in which the Council extended the mandate of MONUA until 26 February 1999. In its resolution 1229 (1999) of 26 February 1999, the Council took note of the fact that the mandate of the Observer Mission expired as of that same date and endorsed the recommendations contained in paragraphs 32 and 33 of the report of the Secretary-General dated 24 February 1999 (S/1999/202) regarding the technical liquidation of MONUA.

2. The initial budget for MONUA for the financial period 1999-2000 amounting to $7 million gross ($6,642,300 net) was set out in the report of the Secretary-General dated 5 May 1999 (A/53/937) and was predicated on the completion of the in situ liquidation activities by 31 October 1999, in accordance with the projections indicated in paragraph 33 of the report of the Secretary-General dated 24 February 1999 (S/1999/202).

3. Based on the recommendation contained in the report of the Advisory Committee on Administrative and Budgetary Questions dated 13 May 1999 (A/53/957), the General Assembly, in its resolution 53/228 of 8 June 1999, appropriated an amount of $7,441,540 gross ($7,083,840 net) for the liquidation of MONUA, inclusive of an amount of $369,153 for the support account for peacekeeping operations and $72,387 for the United Nations Logistics Base at Brindisi, Italy (UNLB).

4. Subsequently, owing to the developments described in section III of the present report, the Mission's liquidation activities were extended beyond the originally envisioned deadlines. The resulting additional requirements of MONUA for the period 1999-2000 were reflected in the report of the Secretary-General dated 27 March 2000 (A/54/812) and amounted to $7,607,900 gross ($7,222,700 net), inclusive of the amount of $5,274,800 gross ($4,875,100 net) previously authorized by the Advisory Committee pending action by the General Assembly on the Mission's revised budget.

5. Acting on the recommendation of the Advisory Committee contained in its report dated 4 April 2000 (A/54/831), the General Assembly, in its resolution 54/17 B of 15 June 2000, appropriated an additional amount of $7,607,900 gross ($7,222,700 net) for the liquidation of MONUA for the period 1999-2000. The total amount appropriated by the Assembly in its resolutions 53/228 and 54/17 B amounted to $15,049,440 gross ($14,306,540 net), inclusive of $369,153 for the support account for peacekeeping operations and $72,387 for UNLB. This amount has been assessed on Member States.

II. Information requested by the General Assembly in its resolution 54/17 B

6. In paragraph 16 of its resolution 54/17 B, the General Assembly requested the Secretary-General to present a more detailed explanation of the amounts required for

reimbursement of contingent-owned equipment, including the impact of the retroactive application of the new procedures for contingent-owned equipment for the United Nations Angola Verification Mission (UNAVEM) and the Observer Mission, to be provided no later than at its resumed fifty-fifth session.

7. The retroactive application of the new contingent-owned equipment reimbursement methodology in respect of peacekeeping operations had been addressed in a special audit carried out by the Board of Auditors concerning the application of the new contingent-owned equipment procedures. The Board's findings are contained in paragraphs 49 to 79 of its report on the accounts of the United Nations peacekeeping operations for the 12-month period ending 30 June 1998,[1] including, in paragraphs 71 to 79, its review of the reimbursement under the new and old systems.

8. It is pertinent to recall in this connection that in paragraphs 27 and 28 of his report dated 7 October 1998 on the first full year of the implementation of the reformed procedures for determining reimbursement to Member States for contingent-owned equipment (A/53/465), the Secretary-General indicated that the impact of the retroactive implementation of the new procedures could only be evaluated when all relevant claims had been processed for liquidated or liquidating missions and that the definitive comparison of the two systems was not available at that time.

9. In its related report dated 6 May 1999 (A/53/944, para. 19), the Advisory Committee stated that no useful purpose would be served by conducting a costly comparative study of the financial implications of the new and the old systems. In the opinion of the Advisory Committee, such an exercise would be largely historical and would not affect what Member States would have negotiated with the United Nations, based either on the old system or the retroactive application of the new procedures. At the same time, the Committee stated that sufficient data should be made available in the context of reports on the liquidation of peacekeeping operations so as to allow a determination of the impact of the retroactive application of the new contingent-owned equipment arrangements.

10. From the 12 troop contributors that provided contingent-owned equipment to UNAVEM, 4 opted for reimbursement under the old system and 8 under the new system. With regard to MONUA, since the Observer Mission was established as of 1 July 1997, all six troop contributors to that Mission have been covered by the new reimbursement arrangements.

11. At 28 February 2001, an amount of $21 million had been reimbursed to troop contributors for the contingent-owned equipment in UNAVEM and MONUA, with an estimated amount of $84.8 million outstanding, inclusive of the amounts owing to troop contributors for self-sustainment, vehicles and equipment painting/repainting and for pending claims for equipment damaged and lost owing to hostile action, leaving a shortfall of $8.5 million when compared with the available contingent-owned equipment funds in the UNAVEM/MONUA special account of $76.3 million. As at the same date, memoranda of understanding were yet to be concluded with two out of eight troop contributors to UNAVEM, who opted for conversion to the new contingent-owned equipment reimbursement methodology.

12. As the amount owing to troop contributors for contingent-owned equipment and related costs is subject to further review and may be affected by the outcome of

continuing negotiations, the issue of the contingent-owned equipment funding shortfall in UNAVEM and MONUA will be addressed in the context of the Missions' final financial performance report.

III. Implementation of the budget

13. Resources appropriated by the General Assembly for MONUA for the financial period 1999-2000 covered its requirements arising from the continuation of technical liquidation activities that had commenced in March 1999 after the expiration on 26 February 1999 of the Mission's mandate (Security Council resolution 1229 (1999)). The Mission's administrative and technical personnel, military security detachment and logistical support services were required to support the liquidation of MONUA, in particular, in connection with the protracted negotiations with the Government of Angola regarding the disposition of the substantial amount of surplus assets not required by other peacekeeping operations and subsequently handed over to the Government in April 2000 in accordance with the contract of sale concluded in March 2000.

14. Moreover, pending the conclusion of consultations with the Government of Angola and until the establishment by the Security Council in its resolution 1268 (1999) of 15 October 1999 of the United Nations Office in Angola, the substantive MONUA personnel required to maintain liaison with the political, military, police and other civilian authorities of Angola, as well as its human rights component, were also retained in the country as part of the Observer Mission's staffing establishment.

15. While total expenditure incurred by MONUA during the reporting period was within the budgetary parameters, requirements for contractual services exceeded the initial projections contributing to a marginal overrun (1.8 per cent of apportionment) under the supplies and services budget line item.

IV. Financial performance report for the period from 1 July 1999 to 30 June 2000

16. As indicated in table 1 below, from the total appropriation of $15,049,440 gross ($14,306,540 net) for the liquidation of MONUA for the period from 1 July 1999 to 30 June 2000, expenditures amounted to $14,231,340 gross ($13,402,740 net), inclusive of $2,777,100 in unliquidated obligations. The resulting unutilized balance of $818,100 gross ($903,800 net) represents, in gross terms, 5 per cent of the total appropriation. Annex I to the present report contains the financial performance information for the reporting period by budget line item, with supplementary information on significant variances presented in annex II. Annex IV provides a chart showing apportionment and expenditures by main budget group.

Table 1
Apportionment and expenditure
(Thousands of United States dollars)

Category of expenditure	*Apportionment*[a]	*Expenditure*[b]	*Variance*
Military personnel	1 624.5	1 420.3	204.2
Civilian personnel	6 365.7	5 790.0	575.7
Operational requirements	5 874.8	5 750.9	123.9
Other programmes	-	-	-
United Nations Logistics Base at Brindisi	72.4	72.4	-
Support account for peacekeeping operations	369.1	369.1	-
Staff assessment	742.9	828.6	(85.7)
Gross requirements	**15 049.4**	**14 231.3**	**818.1**
Income from staff assessment	(742.9)	(828.6)	85.7
Net requirements	**14 306.5**	**13 402.7**	**903.8**
Voluntary contributions in kind (budgeted)	-	-	-
Voluntary contributions in kind (non-budgeted)	-	-	-
Total resources	**15 049.4**	**14 231.3**	**818.1**

[a] Based on appropriation provided in General Assembly resolutions 53/228 and 54/17 B.
[b] Includes an amount of $2,777,100 in unliquidated obligations.

17. Information on the deployment of military and civilian personnel during the reporting period is detailed in table 2 and annex III below.

Table 2

Authorized staffing, incumbency and vacancy rates for military and civilian personnel for the period from 1 July 1999 to 30 June 2000

Personnel category	Authorized staffing	Actual staff 31 Jul	Authorized staffing	Actual staff 31 Aug	Authorized staffing	Actual staff 30 Sep	Authorized staffing	Actual staff 31 Oct	Authorized staffing	Actual staff 30 Nov	Authorized staffing	Actual staff 31 Dec	Authorized staffing	Actual staff 31 Jan	Authorized staffing	Actual staff 28 Feb	Authorized staffing	Actual staff 31 Mar	Authorized staffing	Actual staff 30 Apr	Actual staff 31 May	Actual staff 30 Jun
Military contingents																						
Authorized	187	187	187	187	87	87	87	87	72	2	1	1	1	1	1	1	1	1	-	1	1	-
Vacancy rate (percentage)		-		-		-		-		97		-		-		-		-				-
International staff																						
Authorized	93	93	87	87	81	81	44	44	41	41	19	19	15	15	14	14	12	12	6	7	6	1
Vacancy rate (percentage)		-		-		-		-		-		-		-		-		-		(17)	-	83
Local staff																						
Authorized	69	69	63	63	63	63	27	27	20	20	10	10	8	8	6	6	6	6	-			
Vacancy rate (percentage)		-		-		-		-		-		-		-		-		-		-		
United Nations Volunteers																						
Authorized	11	11	9	9	6	6	6	6	6	6	2	2	2	2	2	2	1	1	-			
Vacancy rate (percentage)		-		-		-		-		-		-		-		-		-		-	-	-

V. Action on the financing of the Observer Mission taken by the General Assembly at its fifty-fourth session

18. In paragraph 15 of its resolution 54/17 B on the financing of MONUA, the General Assembly, acting on the recommendation of the Advisory Committee contained in its report dated 4 April 2000 (A/54/831), took note of the unencumbered balance of $149,500 gross and of the additional requirements of $787,600 net in respect of the period from 1 July 1998 to 30 June 1999 and decided to defer action thereon until its review of the final performance information on the Verification Mission and the Observer Mission.

19. In this connection, the General Assembly is invited to take action during its fifty-fifth session on the unencumbered balance pertaining to the financial period 1998-1999, together with the action on the unencumbered balance pertaining to the period 1999-2000 (see sect. VI below).

VI. Action to be taken by the General Assembly at its fifty-fifth session

20. **The action to be taken by the General Assembly in connection with the financing of MONUA is to decide on the treatment of the unencumbered balance of $1,053,300 gross ($30,500 net) comprising:**

(a) **An unencumbered balance of $149,500 gross and additional requirements of $787,600 net in respect of the period from 1 July 1998 to 30 June 1999;**

(b) **An unencumbered balance of $903,800 gross ($818,100 net) in respect of the period from 1 July 1999 to 30 June 2000.**

Notes

[1] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 5* (A/53/5), vol. II, chap. II.

Annex I

Financial performance report for the period from 1 July 1999 to 30 June 2000: summary statement

(Thousands of United States dollars)

Category of expenditure	*(1)* *Apportionment* [a]	*(2)* *Non-recurrent expenditures*	*(3)* *Total expenditures (inclusive of non-recurrent expenditures)*	*(4) = (1 - 3)* *Variance*
I. Military personnel				
1. Military observers	16.1	-	23.6	(7.5)
2. Military contingents	1 306.4	-	1 094.7	211.7
3. Other requirements pertaining to military personnel				
(a) Contingent-owned equipment	155.7	-	155.7	-
(b) Self-sustainment	146.3	-	146.3	-
(c) Death and disability compensation	-	-	-	-
Subtotal, line 3	302.0	-	302.0	-
Total, category I	**1 624.5**	**-**	**1 420.3**	**204.2**
II. Civilian personnel				
1. Civilian police	61.9	-	61.0	0.9
2. International and local staff	6 127.4	-	5 552.7	574.7
3. United Nations Volunteers	176.4	-	176.3	0.1
4. Government-provided personnel	-	-	-	-
5. Civilian electoral observers	-	-	-	-
Total, category II	**6 365.7**	**-**	**5 790.0**	**575.7**
III. Operational requirements				
1. Premises/accommodations	377.4	-	313.4	64.0
2. Infrastructure repairs	-	-	-	-
3. Transport operations	126.2	-	96.2	30.0
4. Air operations	358.3	-	349.1	9.2
5. Naval operations	-	-	-	-
6. Communications	272.2	-	225.9	46.3
7. Other equipment	-	-	-	-
8. Supplies and services	4 251.7	-	4 328.5	(76.8)
9. Air and surface freight				
(a) Transport of contingent-owned equipment	374.0	-	348.9	25.1
(b) Commercial freight and cartage	115.0	-	88.9	26.1
Subtotal, line 9	489.0	-	437.8	51.2
Total, category III	**5 874.8**	**-**	**5 750.9**	**123.9**

Category of expenditure	*(1)* *Apportionment* [a]	*(2)* *Non-recurrent expenditures*	*(3)* *Total expenditures (inclusive of non-recurrent expenditures)*	*(4) = (1 - 3)* *Variance*
IV. Other programmes				
1. Election-related supplies and services	-	-	-	-
2. Public information programmes	-	-	-	-
3. Training programmes	-	-	-	-
4. Mine-clearing programmes	-	-	-	-
5. Assistance for disarmament and demobilization	-	-	-	-
Total, category IV	-	-	-	-
V. United Nations Logistics Base at Brindisi	**72.4**	-	**72.4**	-
VI. Support account for peacekeeping operations	**369.1**	-	**369.1**	-
VII. Staff assessment	**742.9**	-	**828.6**	**(85.7)**
Gross requirements, categories I-VII	15 049.4	-	14 231.3	818.1
VIII. Income from staff assessment	**(742.9)**	-	**(828.6)**	**85.7**
Net requirements, categories I-VIII	14 306.5	-	13 402.7	903.8
IX. Voluntary contributions in kind (budgeted)	-	-	-	-
X. Voluntary contributions in kind (non-budgeted)	-	-	-	-
Total	**15 049.4**	-	**14 231.3**	**818.1**

[a] Based on appropriation provided by General Assembly resolutions 53/228 and 54/17 B

Annex II

Supplementary information on significant variances

Military personnel

Apportionment: $1,624,500; expenditure: $1,420,300; variance: $204,200

1. The unutilized balance of $204,200 under this heading resulted from reduced requirements under military contingents ($211,700), partially offset by additional requirements under military observers ($7,500).

Military observers

Apportionment: $16,100; expenditure: $23,600; variance: ($7,500)

2. The additional requirement of $7,500 under this heading is attributable to the delayed processing of inter-office vouchers for travel charges related to prior periods.

Military contingents

Apportionment: $1,306,400; expenditure: $1,094,700; variance: $211,700

3. The net unutilized balance of $211,700 under this heading was primarily attributable to lower than budgeted requirements under troop costs ($295,900) owing to the earlier than anticipated repatriation of contingent personnel, as well as savings under the emplacement, rotation and repatriation of troops as a result of the non-utilization of funds for the repatriation of the medical unit personnel in the absence, during the financial period of a claim, from the Government concerned ($62,800).

4. Owing to the long lead time required for the procurement of rations, orders for their delivery between July and October 1999 were placed prior to 30 June 1999, with the related costs reflected accordingly in the financial period 1998-1999. While for this reason no budgetary provision was made for rations in the reporting period, the Observer Mission had to raise an obligation in the amount of $147,000 to cover pending disputed invoices. Subsequently, the dispute was resolved amicably and the obligating document was cancelled. The amount of $147,000 will be reported in the financial statement of the Observer Mission for the financial period 2000-2001 as savings from the cancellation of prior period obligations.

Civilian personnel

Apportionment: $6,365,700; expenditure: $5,790,000; variance: $575,700

5. The unutilized balance of $575,700 under this heading resulted from reduced requirements for civilian police ($900), international and local staff ($574,700) and United Nations Volunteers ($100).

International and local staff

Apportionment: $6,127,400; expenditure: $5,552,700; variance: $574,700

6. The provision of $6,127,400 under this heading covered an estimated 424 work-months of international staff and 272 work-months of local staff. While the deployment of the international staff (420 work-months) was within the budgetary parameters, actual salary costs were lower than the standard costs applied in the budget, resulting in an unutilized balance of $411,100 under international staff salaries. With regard to local staff, with the actual deployment for 272 work-months corresponding to the budgetary projections, savings of $40,800 were attributable to lower actual costs resulting from the employment of some of the local staff under special service agreements.

7. Savings realized under the budget line items for mission subsistence allowance ($276,900) and consultants ($7,500) were partially offset by additional requirements under common staff costs ($114,000) owing to staff repatriation costs and under other official travel ($47,500) attributable to travel in connection with the investigation of aircraft crashes in Angola, the closing of the logistical support service contract, as well as a security assessment mission.

Operational requirements

Apportionment: $5,874,800; expenditure: $5,750,900; variance: $123,900

8. The unutilized balance of $123,900 under this heading resulted from reduced requirements under premises/accommodation ($64,000), transport operations ($30,000), air operations ($9,200), communications ($46,300) and air and surface freight ($51,200), partially offset by additional requirements under supplies and services ($76,800).

Premises/accommodation

Apportionment: $377,400; expenditure: $313,400; variance: $64,000

9. The unutilized balance of $64,000 under this heading was attributable to the lower actual rental costs ($8,400), non-utilization of a provision made under alteration and renovation of premises ($20,000), as well as lower actual expenditures for maintenance services ($1,900) and utilities ($33,700).

Transport operations

Apportionment: $126,200; expenditure: $96,200; variance: $30,000

10. The unutilized balance of $30,000 under this heading was attributable to lower than projected requirements for spare parts ($3,700), as well as to the utilization of the available reserve of petrol and diesel fuel purchased in the preceding financial period ($26,300).

Air operations

Apportionment: $358,300; expenditure: $349,100; variance: $9,200

11. The provision of $358,300 was made under this heading for the hire of one B-727 fixed-wing aircraft for the period from 1 July to 31 December 1999. While

the provision for the aircraft hire costs was fully utilized, savings were realized under aviation fuel and lubricants owing to the utilization of the available reserve of aviation fuel purchased in the preceding financial period ($20,700). The unutilized balance was partially offset by additional requirements under liability and war-risk insurance resulting from the unforeseen charges attributable to the reconciliation of master aviation third-party liability insurance invoices pertaining to prior financial periods ($11,500).

Communications

Apportionment: $272,200; expenditure: $225,900; variance: $46,300

12. The provision of $272,200 under this heading covered the projected cost of commercial communications during the reporting period. The actual INTELSAT transponder lease costs and INMARSAT usage charges as well as local commercial communications costs amounted to $225,900, resulting in the unutilized balance of $46,300.

Supplies and services

Apportionment: $4,251,700; expenditure: $4,328,500; variance: ($76,800)

13. Net additional requirements of $76,800 under this heading reflect additional requirements under miscellaneous services ($93,100), partially offset by reduced requirements under miscellaneous supplies ($16,300).

14. Net additional requirements of $93,100 under miscellaneous services were primarily attributable to the higher requirements under contractual services ($2,748,200) in connection with the inventory management and warehousing of MONUA assets, ground transportation, movement control, grounds maintenance, packing and moving, resulting in additional requirements of $215,600 under this budget line item. Moreover, additional funds have been reserved in the Mission's account pending settlement of disputed medical invoices, resulting in additional requirements of $35,100 under medical treatment and services.

15. Additional requirements under contractual services and medical treatment and services were partially offset by savings under security services ($54,600) owing to the lower actual cost of local guards at the logistics base, lower than projected requirements for claims and adjustments ($81,800) and lower actual cost of other miscellaneous services ($21,200). An amount of $700,000 has been retained in the Mission's account to cover the cost of the examination, as soon as conditions on the ground permit, of crash sites and recovery of two United Nations aircraft.

16. Under miscellaneous supplies, the net unutilized balance of $16,300 was attributable to reduced consumption of stationery and office supplies ($3,800), non-utilization of a provision for sanitation and cleaning materials owing to available stocks ($10,000) and lower actual requirement for quartermaster and general stores ($2,500).

Air and surface freight

Apportionment: $489,000; expenditure: $437,800; variance: $51,200

17. The unutilized balance of $51,200 under this heading was attributable to savings under the budget line items for transportation of contingent-owned

equipment ($25,100) and commercial freight and cartage ($26,100). Provision made for the repatriation of contingent-owned equipment was used to cover shipment of equipment by sea, in-land railway transportation costs, hire of a low-bed truck, as well as reimbursement of a claim for port and labour charges on induction and de-induction of contingents pertaining to prior financial periods. With regard to commercial freight and cartage, savings were primarily attributable to the transfer of some assets to other mission, with the cost of shipment absorbed by the recipient mission.

Staff assessment

Apportionment: $742,900; expenditure: $828,600; variance: ($85,700)

18. The additional requirements of $85,700 under this heading were attributable to the actual higher than budgeted staff assessment charges related to the separation entitlements of international staff.

Income from staff assessment

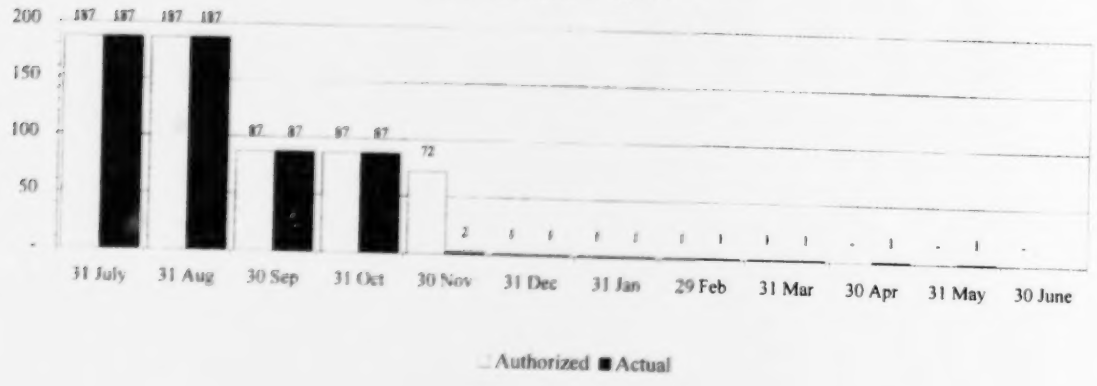
Apportionment: ($742,900); expenditure: ($828,600); variance: $85,700

19. This amount is derived from staff assessment (see para. 18 above).

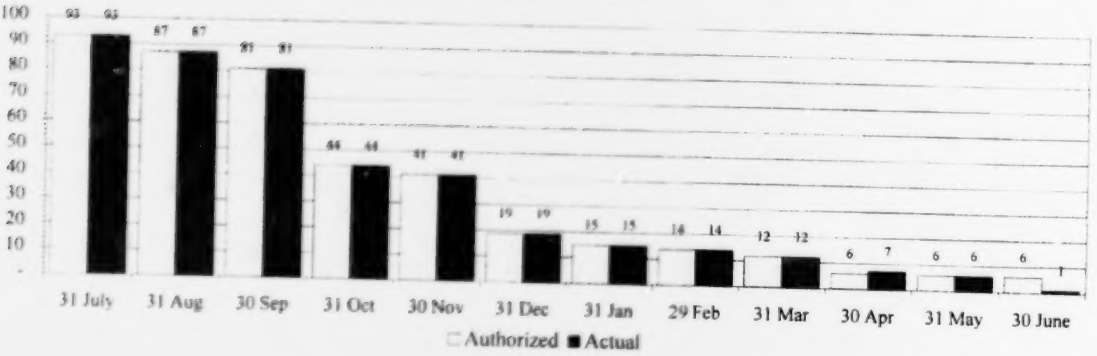
Annex III

Planned and actual deployment of military and civilian personnel for the period from 1 July 1999 to 30 June 2000

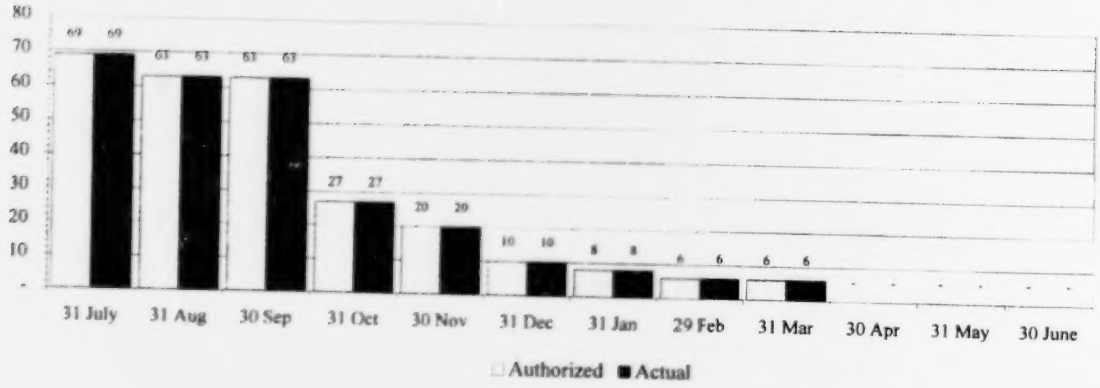
1. Military contingents



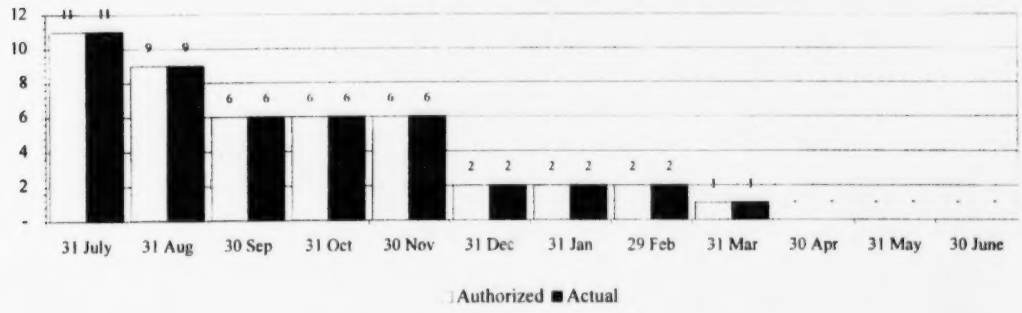
2. International staff



3. Local staff



4. United Nations Volunteers



Annex IV

Apportionment and expenditure for the period from 1 July 1999 to 30 June 2000